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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34177]

Iowa, Chicago & Eastern Railroad Corporation—Acquisition and Operation

Exemption—Lines of I&M Rail Link, LLC

Iowa, Chicago & Eastern Railroad Corporation (ICE)¹ filed a notice of exemption under 49 CFR 1150.31 on June 7, 2002, to acquire and operate the following rail lines and assets owned by I&M Rail Link, LLC (IMRL), a Class II carrier: (1) IMRL's existing rail lines, which extend approximately 1,125 miles between Chicago, IL, Kansas City, MO, and Minneapolis/St. Paul, MN, and across Northern Iowa and Southern Minnesota; (2) approximately 275 miles of IMRL's incidental trackage rights over lines of other carriers; (3) IMRL's ownership and operational interests in The Kansas City Terminal Railway Company; (4) IMRL's ownership and operational interests in the so-called "Joint Agency" in Kansas City (jointly owned with The Kansas City Southern Railway Company); and (5) IMRL's interests in jointly owned and/or operated industry trackage in various locations, including South Beloit, IL, Beloit and Janesville, WI, and Clinton, IA.

¹ ICE states that it is a noncarrier subsidiary of Cedar American Rail Holdings, Inc. (Holdings), which is a wholly owned subsidiary of Dakota, Minnesota & Eastern Railroad Corporation (DME).

ICE states that DME and Holdings expect to file an application in STB Finance Docket No. 34178, Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc.–Control–Iowa, Chicago & Eastern Railroad Corporation, pursuant to 49 U.S.C. 11323(a)(3) and 49 CFR 1180.2(c), to continue in control of ICE once ICE acquires the IMRL lines and becomes a rail carrier.

Because the projected revenues of the rail lines to be operated exceed \$5 million, ICE certified to the Board, on February 26, 2002, that the required notice of its rail line acquisition was posted at the workplace of the employees of IMRL and was served on the national offices of all labor unions with employees on the affected lines on February 25, 2002. See 49 CFR 1150.35(a), referring to 49 CFR 1150.32(e).

ICE reported that it intends to consummate the transaction on or after June 28, 2002.

Prior to ICE's filing of the notice of exemption, the Board received a number of submissions from interested persons expressing concern about the transaction.² These persons identified a number of potential issues, including financial, environmental, shipper, and labor-

² The Board has received correspondence from the following persons raising concerns about, or opposing, ICE's proposed acquisition: Iowa Department of Transportation, municipality of Dubuque, IA, and Sethness Products Company (financial viability, environmental/community impacts, and shipper effects); East Central Intergovernmental Association (community and shipper impacts); Tyson Foods, Inc. (rail service); Iowa Traction Railroad Company (financial viability, rail service, and downgrading of IMRL's grain lines); municipalities of Marquette and Mason City, IA, and Winona, MN (community concerns); Dubuque County Board of Supervisors (grain and agricultural marketing); Brotherhood of Locomotive Engineers (labor protection for IMRL employees and financial viability); and Ronald D. Barczak and William G. Jungbauer (IMRL employee injury claims).

related matters in connection with ICE's anticipated acquisition. Given the passage of time since the Board received these submissions in this relatively large transaction, the lack of any response on the record from ICE to the submissions, and the uncertainty as to whether ICE has even received all of the submissions, this notice is being issued to advise interested parties of the process to be used for handling this matter.

Under the Board's exemption rules, ICE's exemption to acquire and operate IMRL's lines is due to become effective on June 28, 2002 (21 days after the notice was filed). See 49 CFR 1150.35(e). If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. A petition to revoke under 49 U.S.C. 10502(d) does not automatically stay the transaction. Stay petitions must be filed within 7 days of the filing of the notice of exemption (no later than June 14, 2002). Any comments on the notice of exemption that parties wish the Board to consider prior to the effective date of the exemption must be filed by June 19, 2002. Replies to stay petitions and other comments will be due by June 21, 2002. To be considered, stay petitions and all comments, regardless of when submitted to the Board, must be served on ICE's representative in a manner that ensures receipt by June 14, 2002 (for stay petitions) and by June 19, 2002 (for all other comments).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34177, must be filed with the Surface Transportation Board, 1925 K Street, N.W.,

Washington, DC 20423-0001. In addition, one copy of each pleading must be served on William C. Sippel, Fletcher & Sippel LLC, Two Prudential Plaza, Suite 3125, 180 North Stetson Avenue, Chicago, IL 60601-6721.

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Decided: June 11, 2002.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary